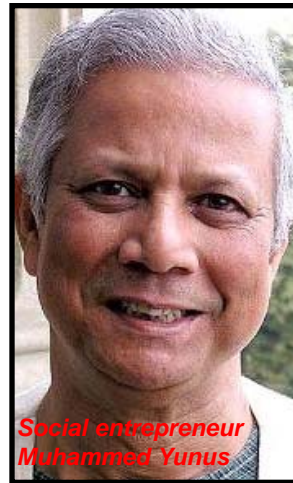


ENTREPRENEURS

WHAT SORT DO WE REALLY NEED?



Market entrepreneur
Bill Gates



Social entrepreneur
Muhammed Yunus



Environmental entrepreneur
Wangari Maathai

*A new class of entrepreneurs, often operating below the market and policy radar, is pioneering new, disruptive modes of innovation that address the social and environmental concerns that public policy is currently struggling to deal with. In this month's LINK LOOK **Andy Hall** argues that an emphasis on the private sector in innovation systems thinking — and an assumption that this means companies — has obscured the importance of other forms of entrepreneurship. Many of these have a long history in development practice. Perhaps it is time to look below the radar and support the entrepreneurship we find there.*

INNOVATION, BUT NOT AS WE KNOW IT

These are troubling times for those who like to classify organisations into comfortably familiar, watertight, categories. Take for instance the Bangladesh Rural Advancement Committee, better known as BRAC. This is a non-government organisation with a mandate of “empowering people and communities in situations of poverty, illiteracy, disease and social injustice”. But this is also an NGO that is a major value chain player involved in both inputs supply and agro-processing. It poses serious competition to private agro-industries, yet it services the needs of its poor clientele. It flags social entrepreneurship as one of its key strategies.

THE SHAPE OF THINGS TO COME AT ISDA 2010

Researchers, development practitioners and policymakers from around the world gathered in Montpellier, France from June 28-July 1 2010 for a conference titled Innovation and Sustainable Development (ISDA2010) in Agriculture and Food, organised by INRA and CIRAD. This LINK Look editorial is based on Andy Hall's keynote address at the conference. For more on the conference, and a link to download Andy's powerpoint presentation, visit <http://www.isda2010.net/>.

The Real IPM Company in Kenya makes its money producing and selling bio-pesticides to the commercial horticultural sector in East Africa. Not only is its philosophy deeply green, but it has also recently moved into a new and large market opportunity — poor farmers. In collaboration with the UK's Department for International Development's (DFID) Research Into Use (RIU) programme (www.researchintouse.com) it is developing a network of village-based advisers to help promote and sell a bio-pesticide to combat *striga*, a parasitic weed of the food staple crop maize, to small-scale farmers.

Farm Input Promotions (FIPS) has styled itself as a non-profit company and negotiates access

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Visit the LINKLook blog at www.innovationstudies.org to join in the ongoing debate.

■ Continued from Page 1

to new crop varieties developed by national agricultural research organisations in East Africa. It also works with input supply companies, persuading them to produce micro-seed and fertilizer packs that small-scale farmers can afford.

Well Told Story Ltd. is a Kenyan company with a multimedia platform (print, internet and radio) that it uses to both sell advertising to soft drinks and mobile phone companies as well as raise revenue from development agencies for communicating agricultural development messages.

Do these sorts of organisations offer new avenues for innovation capacity building at a time when the idea of constructing pro-poor innovation systems is starting to run into the sand? To answer this it is first useful to go back and look at what the innovation systems idea has had to contribute and where it has got stuck.

INNOVATION SYSTEMS: BEYOND CONCEPTS?

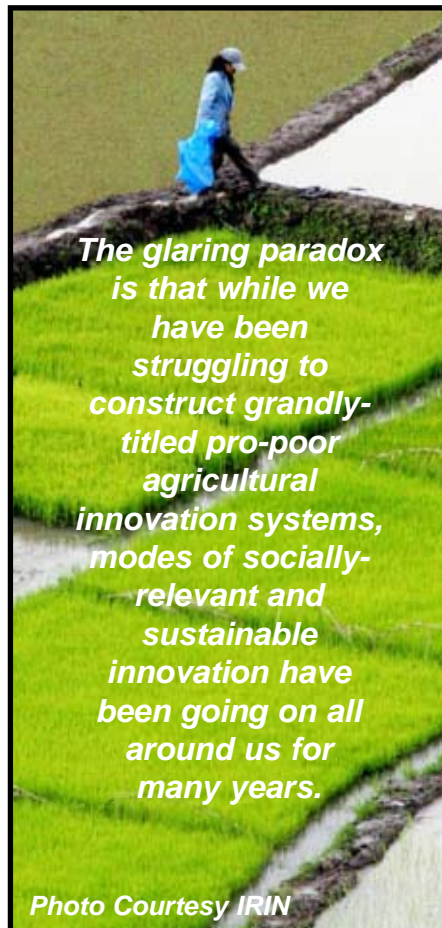
The greatest contribution of the innovation systems idea to agricultural and rural development is conceptual. It has helped planners reconsider the location of agricultural research within dynamic processes of innovation; and it has revealed the importance of linkages needed to connect research to others involved in this process. In previous *LINK LOOKS* we have argued that the innovation system idea is not a new blueprint for how to organise innovation, but a metaphor to explain the vast diversity of ways of organising innovation for different purposes and in different contexts. But how can its central message of distributed (rather than centralised) creativity be taken forward to address social and environmental sustainability aspects of the international development agenda?

A number of operational strategies have been suggested to help strengthen linkages and coherence in different areas of action and policy. Many of these hinge upon the idea of public-private sector partnerships, and, more generally, the role of the private sector as a driver of the innovation process. In practice partnership building has proven difficult. Even in cases where new alliances have been developed, the real sticking point is the governance of these to direct innovation towards a social and sustainable development agenda. This seems to be the area where innovation systems ideas are reaching their limits as a guide to practice.

ALTERNATIVE SOURCES OF DISRUPTION

The glaring paradox is that while we have been struggling to construct grandly-titled pro-poor agricultural innovation systems, modes of socially-relevant and sustainable innovation have been going on all around us for many years. BRAC, the Real IPM Company, FIPS, and Well Told Story are part of an expanding diversity of such initiatives, some ancient, some modern, ranging from the Chipko women's environmental protection movement in India, Systems of Rice Intensification (a low-input approach to rice production innovation), the micro-finance approach of Mohammed Yunus in Bangladesh, the Intermediate Technology philosophy of Schumacher, to the Campaign for Real Ale in the UK and many, many more. (See <http://aylluinitiative.org/> for an initiative that is trying to map these globally).

LINK look



To varying degrees all of these initiatives disrupted existing modes of production and innovation. Yet many initiatives of this sort take place, because of perception and analytical reasons, out of sight and below the market and policy radar. Of course many simply fail and only a fraction of initiatives come to national and international prominence despite the opportunities that these present for both profit and social change. Have we then misunderstood what really drives innovation and ended up overlooking major hotspots of creativity?

DO WE WANT THE PRIVATE SECTOR OR DO WE WANT ENTREPRENEURSHIP?

Having remembered this other world of pioneers and prophets, it now seems all too obvious that there are many challenges and opportunities in agriculture and rural development that conventional market-led innovation will not address, but are, nevertheless, important for social and environmental reasons.

At this point it is worth going right back to some of the early writing on innovation in the 1930s by Austrian economist and political scientist Joseph Schumpeter. He pinpointed entrepreneurship as the key creative force, talking in terms of a continuous process of disruption; doing something different for gain; creative destruction of the old to bring in the new. Sounds familiar?

Other than taking risks what does entrepreneurship involve? It means being responsible for the marshalling of ideas, resources, people, processes, institutions and policy to effect new outcomes. Of course, these are precisely the sort of processes that innovation systems ideas have been advocating, but struggling in their misguided attempt to orchestrate.

WHAT LIES BELOW THE RADAR?

Having recognised that it is entrepreneurship, generally, rather than the private sector or companies, specifically, that we interested in, this then allows us to see different forms of entrepreneurship and innovation and the potential for synergies between them: market entrepreneurship (for profit), social entrepreneurship (for social change), environmental entrepreneurship (for environmental change and protection).

As the social entrepreneurship literature is keen to point out, these distinctions hide the fact that social enterprises often also encompass market and environmental agendas. They can also include researchers acting as social entrepreneurs because they have seen a way of making their science count. What is interesting, however, is that there is a growing class of entrepreneurs that is pioneering initiatives that explicitly occupy the intersect between market, social and environmental concerns (x marks the spot in the diagram in Figure 1). Those mentioned in the introduction fall into this category.

This sort of hybrid, below-the-radar entrepreneurship should not be confused with corporate social responsibility. Rather, it includes organisations explicitly aiming to be for-profit and for a difference simultaneously. What is critical here is that these entrepreneurs are not necessarily profit-maximisers, but individuals and groups happy to live with the trade-offs between profit and making a difference. They often have iconoclastic tendencies, challenging what they see as the foolish ways of old.

WHY NOW?

The growing visibility of these below-the-radar entrepreneurs is driven by:

- Reaching the limits of the effectiveness of the corporate sector's capability to innovate in response to large markets of poor people (and the opportunities that this opens up for alternatives)
- Limits to existing modes of innovation in environmentally-fragile production zones
- A global shift in the centre of innovation gravity from the Northern corporate world to new areas of economic and social dynamism in the South

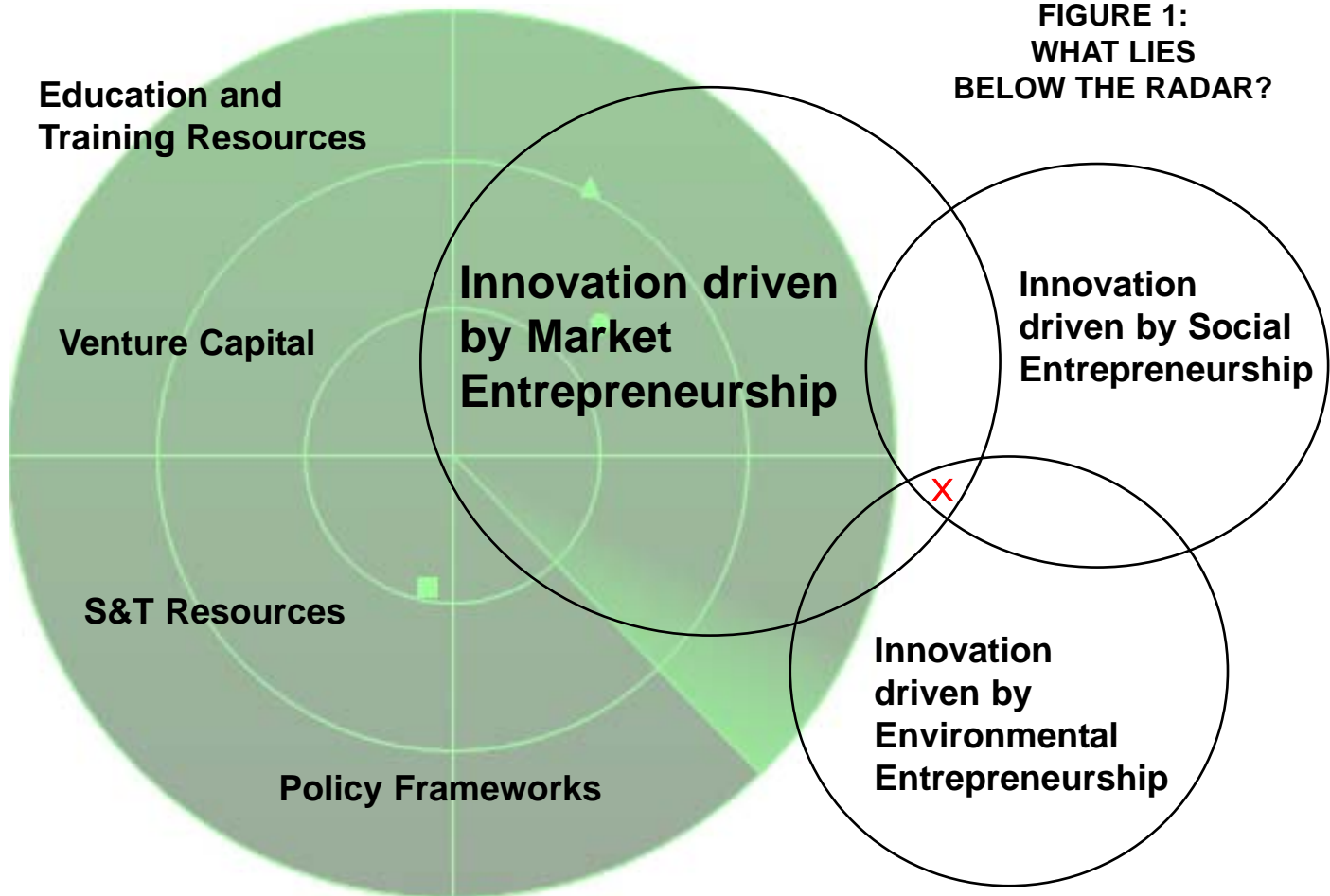
Kaplinsky and colleagues at the Open University in the UK argue that these new disruptive modes of innovation are going to assume prominence in India and China and that this may have global implications¹.

WHAT DO THEY LOOK LIKE?

• **Self-organising, opportunity-driven:** Individuals and groups see an opportunity for making a difference. This may be a market opportunity (for example, for ethically-produced goods, but also increasingly viewing the poor as a large market); or a technical opportunity ■

Continued on Page 3

**FIGURE 1:
WHAT LIES
BELOW THE RADAR?**



■ **Continued from Page 2**

(for example, technological advances in renewable energy; bio-pesticides) or an opportunity arising from organising activities in a different way for social purposes (for example, micro-finance).

● **Demand regime changes:** Almost by definition below-the-radar approaches demand changes in the way policies and institutions organise the world. The Real IPM Company needed to push for regulatory changes to allow the approval and sale of bio-control agents as “pesticides”. The organic food movement successes around the world happened because they were able to amend food labelling regulations. The Systems of Rice Intensification movement continues to challenge the scientific understanding of rice production.

● **Often get stuck:** Just like in the business world, many social and below-the-radar entrepreneurship initiatives fail. Many just aren't very good. But many promising ones fail because they get stuck. Sometimes networks are not wide enough to bring in new technical support needed to cope with market or regulatory changes, as in the case of some ethical trade initiatives. The bio-fuels sector in Senegal got stuck because of the absence of a coalition of companies and NGOs working in the sector to lobby coherently for supportive policy regime changes. The bio-gas sector in Switzerland succeeded because it did. The Intermediate Technology movement lost momentum because it couldn't move beyond engineering adaptation to deal with developing new policy frameworks. Modes of financing available are almost always too short-term to incubate initiatives that need to address both social and institu-

tional changes — which may take 10 years or more to come to fruition.

WHAT SHOULD WE DO NOW?

The way forward is to start to pay much more policy attention to the support of social and below-the-radar entrepreneurs. We should stop attempting to construct new socially-relevant innovation systems. Instead we should use innovation systems principles to support these hybrid, below-the-radar modes of innovation that are pioneering business models that address the most critical goals of development in most countries in the South, but in the North too.

There are also opportunities here for companies and the corporate sector. Many of these below-the-radar entrepreneurs are pioneering business models that are finding ways of accessing large markets of poor people — a task, which for reason of size, structure and perspective, many large companies have not been able to achieve. These models are likely to be very attractive to companies that have reached the limits of market share in existing markets.

This implies some broad shifts in policy in support of innovation:

- **From mainstream to every stream:** Supporting a diversity of entrepreneurs and modes of entrepreneurship occupying a multitude of niches that address different market, social and sustainability objectives in different ways.
- **From replicable models to a mosaic of niche successes:** Instead of looking for pilots that can be copied and transferred with an aim of new “industry standard” approaches, the

emphasis should be on identifying a wide diversity of promising enterprises and supporting their successful development.

● **Orchestration to facilitation:** Innovation is largely self-organising (at least at first) and is driven by entrepreneurship. Policy, therefore, needs to play a supporting role. Activities such as research need to be organised as a resource that can easily be drawn upon. Incubation and the creation of spaces for early stage entrepreneurial activity will be much more important.

PRACTICAL IMPLICATIONS

The central message for planning interventions is that the emphasis needs to shift away from attempting to construct new systems and instead focus on supporting emerging nodes of creativity. This support needs to extend to creating the conditions for below-the-radar innovation to emerge in the first place. Figure 2 on Page 4 (from World Bank, 2006²) contrasts the way policy interventions can be organised in orchestrated innovation trajectories and the opportunity-driven trajectory of the sort driven by entrepreneurs. The following broad categories of intervention and support will be important:

- **Scanning:** There will be a strong analytical role for research to look below the radar for promising new innovation processes with strong social and sustainability relevance. Filtering out initiatives that are likely to fail will be a large part of this task.
- **Financing:** New forms of financing will need to be made available — not only challenge funds, but also novel types of social venture capital. It will also need to be recognised that

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returns to investments in these initiatives may only take place over the long-run, due to extended incubation requirements and the need for changes in policy regimes.

• **Adaptive Support Services:** The initiating phase of these initiatives is self-organising, but this is also when support is needed. Adaptive services — that can facilitate change in technical, institutional, policy arenas, but that can also help with coaching, incubation training, networking, financing — are required. This will include research support.

• **Risk Reduction:** Mechanisms to reduce the risks to new entrepreneurial activity — tax incentives, grants and new financing mechanisms — are important.

WELCOME TO THE 21ST CENTURY

The ultimate paradox of all is that while we have been musing about the shape of agricultural innovation systems of the future, if only we had been able to see them, they have been with us all along. The challenge now is to find ways of structuring support for ever-shifting patterns of innovation in which the organisational categories of the 20th century are rapidly becoming irrelevant.

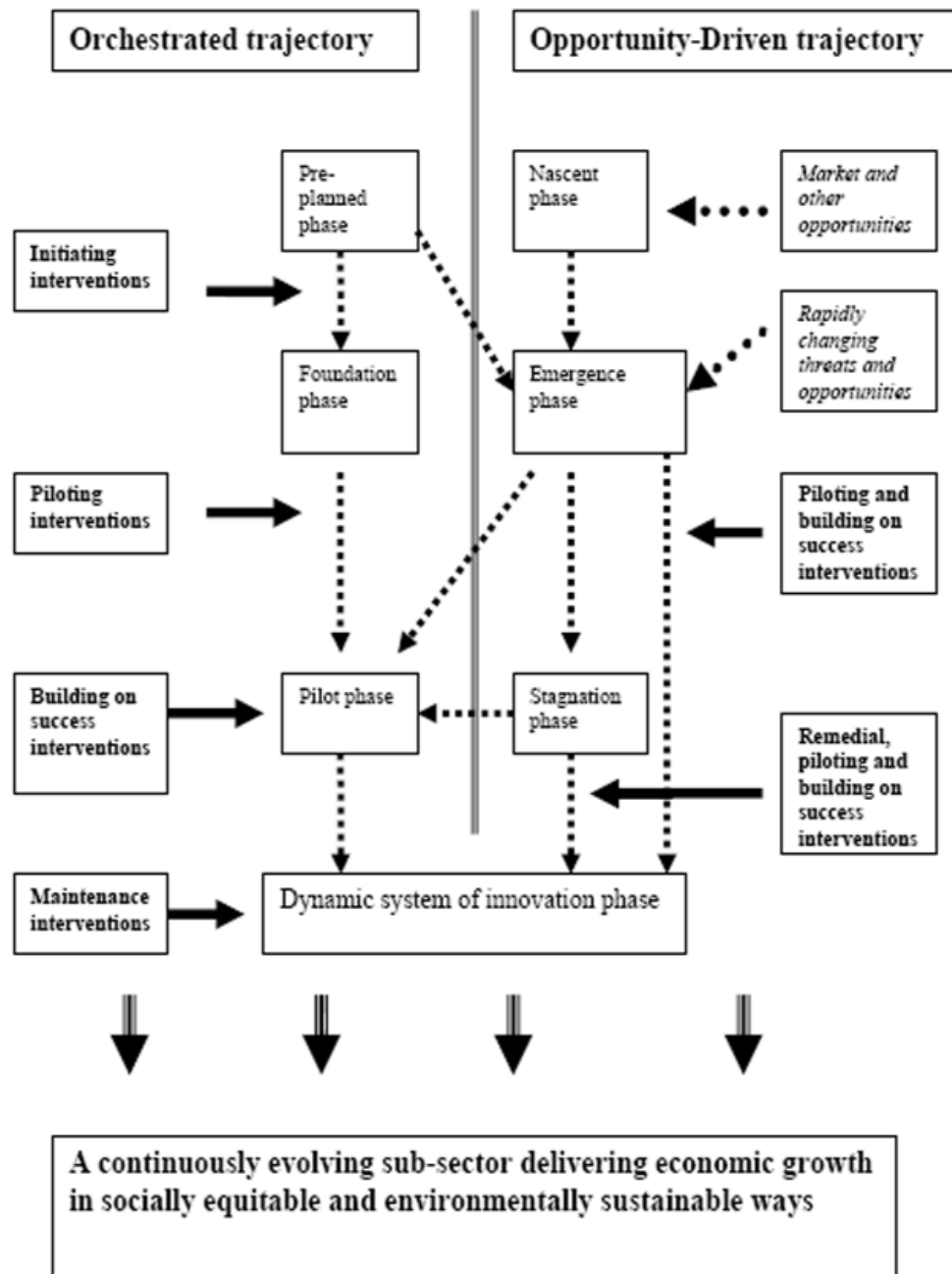
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FIGURE 2: CONTRASTING TRAJECTORIES OF INNOVATION



World Bank 2006

<p>LINK ASIA IS HOSTED AT</p>  <p>CONTACT: crispindia@gmail.com</p>	<p>LINK EAST AFRICA IS HOSTED AT</p>  <p>CONTACT: steglich@merit.unu.edu</p>	<p>LINK WEST AFRICA IS HOSTED AT</p>  <p>CONTACT: dalohoun@merit.unu.edu</p>	<p>LINK SOUTH AMERICA IS HOSTED AT</p>  <p>CONTACT: m.saravia@cgiar.org</p>
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